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Arizona Corporation Commission
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SEP 18 1998

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[Signature]

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Attorneys for Trico Electric Cooperative, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

JAMES M. IRVIN

Chairman

RENZ D. JENNINGS

Commissioner

CARL J. KUNASEK

Commissioner

IN THE MATTER OF THE COMPETITION
IN THE PROVISION OF ELECTRIC
SERVICES THROUGHOUT THE STATE
OF ARIZONA

Docket No. E-01461A-98- 0527

**PROPOSALS TO BENEFIT STANDARD
OFFER CUSTOMERS BY TRICO
ELECTRIC COOPERATIVE, INC.**

Trico Electric Cooperative, Inc., ("Trico") hereby submits its Proposal of Benefits to
Standard Offer Customers pursuant to R14-2-1604(C).

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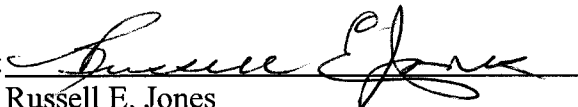
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1 method. In addition, because Trico margins have exceeded budget over the last four years and
2 because the financial condition of Trico permitted it to do so, Trico has made refunds on a Last
3 In – First Out method. Trico for 1996 and 1997, retired capital credits each of those years on a
4 Last In – First Out method that in effect, has reduced the rates paid by Trico's residential
5 customers by approximately 4% per year.
6

7 Another benefit that Trico's Standard Offer customers will receive, is the positive efforts
8 that Trico has made in conjunction with AEPCO in lowering the cost of the supply of electricity.
9 The cost of electric supply is more than 60% of Trico's cost of providing electric service.
10 Working with AEPCO, Trico has developed several demand side management programs and rate
11 alternatives, such as interruptible service rates, that Trico will continue to offer its Standard Offer
12 customers. Trico's wholesale electricity costs have declined as AEPCO has effectively
13 undertaken cost savings measures in a time period when certain other utilities' electricity costs
14 have not done so. The Trico Board of Directors, its management, its staff and its representatives
15 on the AEPCO Board of Directors, are currently working on an innovative plan for restructuring
16 AEPCO to better enable AEPCO to compete in the evolving energy market place. Trico's
17 members and Standard Offer customers will see the benefits of that activity in the long run.
18

19 Trico has provided non-electric related services to its customers and it will continue to
20 vigorously attempt to improve the economic life of its customers through innovative programs.
21

22 O'CONNOR CAVANAGH MOLLOY JONES

23
24 By: 
25 Russell E. Jones
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1 Original and ten (10) copies of the
2 foregoing filed this 18th day of
3 September, 1998, with:
4 Docket Control
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